

HOUSE BILL REPORT

HB 1868

As Reported by House Committee On: Appropriations

Title: An act relating to providing access to health insurance for certain law enforcement officers' and firefighters' plan 2 members catastrophically disabled in the line of duty.

Brief Description: Providing access to health insurance for certain law enforcement officers' and firefighters' plan 2 members catastrophically disabled in the line of duty.

Sponsors: Representatives Freeman, Goodman, Van De Wege, Appleton, Morrell, Tarleton, Tharinger, Ryu, Maxwell, Bergquist and Pollet.

Brief History:

Committee Activity:

Appropriations: 2/19/13, 2/21/13 [DPS].

Brief Summary of Substitute Bill

- Expands eligibility for reimbursement of medical insurance premium costs for members of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 totally disabled in the line of duty.
- Provides reimbursement of other medical insurance premiums for these LEOFF 2 members who are not eligible for employer-sponsored medical insurance, Medicare, or coverage under the federal Consolidated Omnibus Budget Reconciliation Act.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 28 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Alexander, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Carlyle, Cody, Dahlquist, Dunshee, Fagan, Green, Haigh, Haler, Hudgins, Hunt, Jinkins, Kagi, Maxwell, Morrell, Parker, Pedersen, Pike, Ross, Schmick, Seaquist, Springer and Taylor.

Staff: David Pringle (786-7310).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

A member of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 who is totally disabled in the line of duty is entitled to a disability allowance equal to 70 percent of final average salary. The total disability benefit is reduced to the extent that in combination with certain workers' compensation payments and Social Security disability benefits, the disabled member would receive more than 100 percent of final average salary.

The disability allowance of a LEOFF Plan 2 member that is totally disabled in the line of duty includes reimbursement for any payments made for employer-provided medical insurance. This includes medical insurance offered under the federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and Medicare Parts A and B.

The COBRA health benefit provisions were enacted in 1981 to provide continuation of group health coverage that otherwise might be terminated, including for involuntary terminations such as those due to disablement. The COBRA allows individuals to continue their health insurance benefits for up to 18 months. During the time that an individual is covered by COBRA, they are responsible for paying 102 percent of the total health insurance premium, including any portion of the premium that may have been paid by the employer. If an individual has a Social Security-approved disability that started within 60 days of when COBRA benefits were elected, the individual is then eligible to continue health insurance benefits for an additional 11 months, for a total of 29 months.

While Medicare is available to most workers upon reaching age 65, it is also available to workers who become permanently and completely disabled, preventing them from further gainful employment, and who have been receiving Social Security Disability benefits for 24 months. This is the same standard of disability as LEOFF Plan 2's provision on total disability in the line of duty.

There are 139 local governments in Washington that have opted out of coverage by Social Security for all or a portion of their employees over time. Some local governments that opted out of these federal programs make employer contributions equal to or larger than those that would have gone to the federal government on behalf of their employees to alternative retirement programs, some of which may include medical benefits.

Prior to April 1986, some Washington government employers also opted out of Medicare. However, starting on April 1, 1986, all employers were required to participate in Medicare for those employees hired after that date. This meant that these employees who were hired prior to April 1986 and who have worked continuously since are not covered by Medicare and could only qualify for Medicare benefits through: (1) working for another employer for 10 years (40 quarters); or (2) if a referendum authorized by their employer approved of coverage. No data is currently available about how many members exist in the 1986 no-coverage group.

Summary of Substitute Bill:

The act shall be known as the Wynn Loiland Act.

For individuals not eligible for employer-sponsored medical insurance, Medicare, or coverage under COBRA, members of LEOFF Plan 2 totally disabled in the line of duty may receive reimbursement from LEOFF Plan 2 for other medical insurance premium costs. The reimbursement amounts shall not exceed the amount authorized for premiums under COBRA.

Substitute Bill Compared to Original Bill:

The original bill provided for reimbursement of other medical insurance premium costs, not exclusive of individuals who were enrolled in Medicare, COBRA, or other employer-sponsored coverage, which would permit reimbursement for medical insurance premiums such as Medicare supplemental insurance plans.

The bill is named the Wynn Loiland Act.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) On the morning of November 20, Wynn Loiland and his partner were dispatched to a freeway emergency. Wynn was putting up scene tape on a vehicle when he was hit by a Chevy Blazer. He was terribly injured, including traumatic brain injuries. He suffered a catastrophic disability and will never work again or provide for his family. He spent almost a month in the intensive care unit and months in rehabilitation. The COBRA benefits that Wynn has, and that are covering his family will expire at the end of 2013, so they need help. After 31 years of service, Wynn deserves to have himself and his family cared for. The sponsor of House Bill 1679, that created the original coverage provisions for members that are totally disabled in the line of duty, thinks this benefit needs to be extended to these unusual circumstances where a disabled member does not have access to Medicare. This bill should be named the Wynn Loiland Act.

(Neutral) The LEOFF Plan 2 Board has not met since this incident occurred, but there is clearly a narrow gap in coverage that this bill is designed to address, though the language may need to be fine-tuned.

(Opposed) None.

Persons Testifying: (In support) Representative Freeman, prime sponsor; John Riley, South King County Fire and Rescue; Sue Loiland; Ryan Herrera, South King County Professional

Fire Fighters, International Association of Fire Fighters-Local 2024; and Geoff Simpson, Washington State Council of Fire Fighters.

(Neutral) Steve Nelsen, Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 Board.

Persons Signed In To Testify But Not Testifying: None.